

In the Matter of: )  
 )  
Business Meeting )  
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WEDNESDAY, FEBRUARY 10, 2010

9:00 A.M.

CALIFORNIA REPORTING, LLC  
52 Longwood Drive, San Rafael, California 94901 (415) 457-4417

COMMISSIONERS PRESENT

Karen Douglas, Chair

James D. Boyd, Vice Chair

Jeffrey D. Byron

Anthony Eggert

Robert Weisenmiller

STAFF PRESENT

Melissa Jones, Executive Director  
Jonathan Blees, Acting Chief Counsel  
Jennifer Jennings, Public Advisor  
Harriet Kallemeyn, Secretariat

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Also Present  
Public Comment

Rich Gillis, Energy Alternative Solutions

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P R O C E E D I N G S

FEBRUARY 10, 2010 10:04 a.m.

CHAIRPERSON DOUGLAS: Good morning. Welcome to the California Energy Commission Business Meeting of February 10th, 2010.

Please join me in the Pledge.  
(Whereupon, the Pledge of Allegiance was received in unison.)

CHAIRPERSON DOUGLAS: Beginning, Commissioners, with the Consent Calendar, Item 1.

VICE CHAIR BOYD: Move approval.

COMMISSIONER BYRON: Second.

CHAIRPERSON DOUGLAS: All in favor?  
(Ayes.)

Consent Calendar is approved.

Item 2. San Joaquin Delta Community College District. Possible approval of a \$131,174 loan to the San Joaquin Delta Community College District. Mr. Ehyai.

MR. EHYAI: Good morning Commissioners. My name is Amir Ehyai and I am with the Fuels and Transportation Division Special Projects Office. San Joaquin Delta Community College is requesting an Energy Commission loan to upgrade the existing constant volume HVAC systems serving the Center for Microscopy and Allied Sciences to a variable air volume system with demand control ventilation. The college will install new

1 variable air volume supply and exhaust air valves, controls,  
2 duct sensors, outside air sensors, and an information  
3 management server. The new sensors, monitors and software  
4 will allow the building to trigger air flow changes only when  
5 necessary by monitoring volatile organic compounds, articulate  
6 levels CO<sub>2</sub> and dew point, in different zones, and provide that  
7 information to the ventilation control system to keep these  
8 contaminants within acceptable levels. The reduced air flow  
9 will in turn reduce zone cooling and reheat energy use.

10           The total project cost is estimated to be \$293,000.  
11 The college is eligible for utility incentives totaling  
12 \$161,776, and the balance, which is \$131,174, will be funded  
13 by the Energy Commission loan. If approved, this loan will be  
14 funded by the Recovery Act funds and made available at an  
15 interest rate of 1 percent. It is estimated that the project  
16 will reduce the facility's annual energy use by over 347,000  
17 kilowatt hours of electricity and 78,000 therms of gas  
18 annually, thereby reducing annual energy costs by \$138,000.  
19 The simple payback for this project is just a bit over two  
20 years.

21           Staff has determined that the loan request is  
22 technically justified and meets eligibility requirements for a  
23 loan under the Energy Commission Loan Program. This loan will  
24 allow the college to leverage the available utility incentives  
25 and begin this energy efficiency project right away. This

1 item has been previously approved by the ARRA Ad Hoc Committee  
2 and I am here today seeking your approval, as well. Thank  
3 you. And I will take any questions you have.

4 CHAIRPERSON DOUGLAS: What did you say was the  
5 payback period on this loan?

6 MR. EHYAI: 2.1 years.

7 CHAIRPERSON DOUGLAS: That is very good.

8 MR. EHYAI: Yes.

9 CHAIRPERSON DOUGLAS: Any questions, Commissioners?

10 COMMISSIONER BYRON: Madam Chair, I would be glad to  
11 move Item 2.

12 COMMISSIONER EGGERT: Second.

13 CHAIRPERSON DOUGLAS: We have a motion and a second.  
14 All in favor?

15 (Ayes.)

16 The item is approved. Thank you.

17 Item 3. City of Chula Vista. Possible approval of  
18 a \$1,999,806 loan to the City of Chula Vista to upgrade to  
19 energy efficient lighting and install a 490-kilowatt  
20 photovoltaic system. Ms. Perrin.

21 MS. PERRIN: Good afternoon, Commissioners. My name  
22 is Karen Perrin and I am with the Special Projects Office.  
23 And this is a request for a loan for the City of Chula Vista.  
24 This is a 3 percent ECAA funded loan to upgrade their exterior  
25 lighting and to install a photovoltaic tracking system. The

1 project cost is \$3.6 million and the loan will be for  
2 \$1,999,806, which will be financed by the Energy Commission's  
3 loans. They are leveraging this loan with incentives and  
4 grant funds, and they will be expecting a rebate from the  
5 Solar Initiative at \$761,000, that will be paid out monthly  
6 over five years. And the balance and costs will be covered by  
7 funds from their Federal Block Grant EECGB funds of \$874,000,  
8 and an expected utility rebate from San Diego Gas and Electric  
9 of \$30,000.

10 The lighting projects are for lighting upgrades to  
11 52 city sites, 1,900 lighting fixtures, all exteriors. They  
12 will be replacing metal halide and high pressure sodium lights  
13 with energy efficient induction lighting, and then the second  
14 project is a solar PV, a 490 kilowatt system at 11 city sites.  
15 This project will save the city \$182,000 in the annual  
16 electric bills and 1.2 million kilowatt hours of savings. The  
17 greenhouse gas savings will be 435 tons of emissions  
18 eliminated, and staff is seeking approval for this loan.

19 CHAIRPERSON DOUGLAS: Thank you.

20 COMMISSIONER BYRON: I cannot believe Commissioner  
21 Boyd is not going to make any comments on this one.

22 VICE CHAIR BOYD: Oh, I am biting my tongue, my  
23 favorite city, Chula Vista, but I will move approval of the  
24 item, therefore, since I have been prodded. And I am proud to  
25 see the City of Chula -- I think this is the second time in a



1 couple months that we have seen the City of Chula Vista.

2 MS. PERRIN: Yes, this is actually their third loan  
3 with us.

4 VICE CHAIR BOYD: Third loan, I am glad -- and the  
5 new Commissioners are going to ask me some day what this all  
6 means.

7 COMMISSIONER BYRON: I would be glad to second the  
8 item.

9 CHAIRPERSON DOUGLAS: All in favor?

10 (Ayes.)

11 The item is approved.

12 Item 4. University of California, Davis. Possible  
13 approval of Contract 500-09-024 for \$500,000 with University  
14 of California, Davis to provide student internship support for  
15 the Energy Commission for three years. Mr. Gravely.

16 MR. GRAVELY: Good morning, Chairman and  
17 Commissioners. I am Mike Gravely from the R&D Division for  
18 this particular effort. The Commission has a long history of  
19 using students from U.C. Davis in our research and throughout  
20 the Commission. This contract will provide us the ability to  
21 use those students again for three years. We are able to  
22 capture the benefits of undergraduate, graduate, and doctorate  
23 students. We have been very successful in the past, and as a  
24 matter of fact, several employees at the Commission and  
25 throughout the State of California have gone through this

1 route to earn their internship and have chosen to pick state  
2 service as part of the lessons they learn from this travel.  
3 We also have structured this contract to allow the entire  
4 Commission to use it, so in addition to the R&D Division,  
5 other divisions where they will have the ability to use  
6 students if they desire, so the contract is structured to  
7 allow both R&D as well as ERPA funding for this contract. I  
8 would be glad to answer any questions I can. I am sorry, this  
9 has been approved -- reviewed and approved by the R&D  
10 Committee.

11 VICE CHAIR BOYD: This is a great aid to the  
12 organization as a whole, it is also a great recruitment tool,  
13 so, as Mike mentioned, it came to the Research Committee and I  
14 would be glad to move its approval.

15 COMMISSIONER BYRON: And I will second it, but  
16 Commissioner Eggert did not have any influence on this, did  
17 he?

18 COMMISSIONER EGGERT: Maybe I can -- I do not think  
19 I had any influence on this specific proposal, but I think it  
20 is an excellent one. I understand even our own Executive  
21 Director started as an intern at this organization, and so  
22 using internships as an opportunity to identify, you know,  
23 some of the best and brightest for future full time hires, I  
24 think, is a really effective way of basically staffing up the  
25 agency, and we are really only as good as the people that are

1 here. So I would just say, you know, if there are other  
2 opportunities to even further expand this program, to look to  
3 do that, and then to make sure hopefully that, where these  
4 people are landing in the organization, that they are given  
5 real responsibilities so that we are testing them and taking  
6 full advantage of their capabilities. So this is great. And,  
7 as Alumni, I support the source.

8 COMMISSIONER BYRON: Of course. And that was a  
9 second.

10 CHAIRPERSON DOUGLAS: Thank you, Commissioner. I  
11 strongly support this, as well, and I will just comment that  
12 working with interns and having the ability to bring them on  
13 board and watch them develop and contribute to our work, and  
14 hopefully in some cases come back to us, is one of the really  
15 rewarding parts of I think what all of us do. So with that,  
16 we have a motion, we have a second, and all in favor?

17 (Ayes.)

18 The item is approved. Thank you, Mr. Gravely.

19 Item 5. Jet Propulsion Laboratory. Possible  
20 approval of Contract 500-09-021 for \$499,999 with NASA/Jet  
21 Propulsion Laboratory to develop roadmaps to achieve a common  
22 vision of the California Smart Grid of 2020. Mr. Gomez.

23 MR. GOMEZ: Good morning, Madam Chair. Good  
24 morning, Commissioners. My name is Pedro Gomez and I am the  
25 Energy Systems Integration Program Area Lead and Supervisor.

1 The contract before you is the result of a competitive  
2 solicitation. This contract will provide us the manufacturer  
3 and vendor perspective on defining the pathway to the  
4 California Smart Grid of 2020. It will use the 2010 as the  
5 baseline, it will develop a vision for the Smart Grid in  
6 California for 2020, and they will develop a roadmap, an R&D  
7 roadmap, for us to follow. I may point out that, earlier,  
8 late last year, you approved a contract to cover the utility  
9 perspective on this same subject. I also want to point out  
10 that this was reviewed and approved at a previous R&D  
11 Committee meeting. And with that I would like to entertain  
12 any of your questions.

13 COMMISSIONER BYRON: Mr. Gomez, just a comment.  
14 This kind of work is important. I do recall our previous  
15 approval of the other contract that you mention, Mr. Gomez,  
16 and of course we have got to have other perspectives on  
17 defining and getting the value of what a Smart Grid is from  
18 private industry, let us say --

19 MR. GOMEZ: Right.

20 COMMISSIONER BYRON: So important work. This was  
21 approved by the R&D Committee just recently, and I will move  
22 the item.

23 VICE CHAIR BOYD: Second and I concur with the  
24 comments of how important this is, and I am sure Commissioner  
25 Byron's new transmission committee, along with Commissioner

1 Weisenmiller, will hopefully benefit from the fruits of this  
2 effort in the future. In any event, the Smart Grid is an area  
3 where we are finding ourselves playing a big role and an  
4 important role, so I am glad to see this.

5 COMMISSIONER WEISENMILLER: I also agree that it is  
6 very important. I think where Commissioner Byron and I,  
7 putting on his other hat on the Transmission Committee, had a  
8 briefing by the staff on this, and I think we were both very  
9 supportive of this, excited by it, I think particularly in  
10 terms of the connection into California industry, some of  
11 which we are hoping are going to become part of the leading  
12 components of the future Smart Grid.

13 CHAIRPERSON DOUGLAS: Good. Thank you,  
14 Commissioners. We have a motion and a second on this item.  
15 All in favor?

16 (Ayes.)

17 The item is approved.

18 Item 6. Gas Technology Institute. Possible  
19 approval of Amendment 2 to Contract 500-05-026, adding  
20 \$600,000 to conduct field testing of industrial/commercial  
21 burners to validate laboratory tests. Mr. O'Hagan.

22 MR. O'HAGAN: Thank you, Commissioner Douglas. Good  
23 morning, Commissioners. My name is Joe O'Hagan and I am in  
24 the R&D Division in the Environmental area. The proposal  
25 before you is for \$600,000 of PIER natural gas money and a

1 two-year extension of an existing contract with the Gas  
2 Technology Institute and the subcontractor, Lawrence Berkeley  
3 National Lab, to further studies of the environmental and  
4 performance effects of natural gas variability in California.  
5 It is quite likely in the future that we are going to see  
6 whether from LNG rather than natural gas sources, natural gas  
7 composition that is going to vary quite a bit from what  
8 California has been using currently. This proposal would  
9 augment the previous studies looking at residential,  
10 commercial, and industrial natural gas burners and other  
11 equipment, looking at air quality and performance issues, air  
12 quality concerns specifically on indoor air quality, but also  
13 ambient air quality. Outdoor air quality is also a  
14 consideration. This proposal would fund additional field work  
15 on industrial burners that were identified as a concern in the  
16 earlier phases of this project, and then also would allow  
17 additional laboratory work on commercial burners to be  
18 conducted. This is augmenting, as I said, earlier studies on  
19 all segments of the natural gas use within the state.

20 COMMISSIONER EGGERT: Just a question, I guess. In  
21 terms of the effects on equipment performance, energy  
22 efficiency, and air quality, what are sort of the different  
23 applications that are going to be considered or looked at?

24 MR. O'HAGAN: On this specific one, I think it is  
25 cooking equipment for commercial kitchens, the industrial

1 burners, I am honestly not sure of at this point. Earlier  
2 work did look at residential weather water heaters, stoves,  
3 that sort of equipment, as well as other commercial natural  
4 gas using appliances, and industrial burners, and I think what  
5 the concern with the industrial burners is, is that it was  
6 laboratory studies in the earlier phase, and this would allow  
7 field work to verify the results of those earlier studies.

8 VICE CHAIR BOYD: And just for Commissioners'  
9 information, this is an area where this Commission has been  
10 working for quite some time, we actually have an advisory  
11 committee formed and operating for quite some time on the  
12 issue of gas quality and all the ramifications thereof. We  
13 have worked pretty closely with the ARB, which was an activity  
14 that Marla Mueller in the Research Division has been engaged  
15 with for quite some time. It is a long drawn out, but  
16 unfortunately necessary process. And whether or not we see  
17 LNG seems to vary weekly in people's opinion, depending on  
18 whether we are or are not watching shale gas. So Commissioner  
19 Eggert and I have experienced quite a debate a couple weeks  
20 ago, or just last week, about whether or not LNG would be seen  
21 in California. So, in any event, good piece of work.

22 COMMISSIONER EGGERT: And I guess the question is  
23 the timeline in terms of the results, when would they be  
24 available?

25 MR. O'HAGAN: Well, this amendment would extend a

1 project to March of 2013, however, for the first phase of this  
2 project, there is a final report that is being circulated for  
3 approval and posting right now, and I believe that, for the  
4 second phase, that report -- we have gotten the reports from  
5 GTI, but it needs to be formatted and then sent out for  
6 review.

7 COMMISSIONER EGGERT: Okay, thanks.

8 COMMISSIONER WEISENMILLER: I consider this  
9 important work. When the PUC was coming up with its original  
10 cases, trying to come up with a framework for LNG in  
11 California, they had a disagreement with the South Coast, or  
12 the South Coast had a disagreement with their decision for  
13 fear of the high nitrogen content and what that might do to  
14 air quality in the South Coast. I know they appealed the  
15 decision and I thought at one point they were threatening to  
16 take it to court, and certainly wondering why the PUC was not  
17 looking at it through CEQA, at some of the environmental  
18 implications. So it has been a very big issue in this PUC  
19 South Coast discussion on LNG. So, certainly, if we can  
20 provide some scientific facts to move that along, that would  
21 be very helpful.

22 VICE CHAIR BOYD: Yeah, there is a long history  
23 behind this. It goes back for more than 10 years on gas  
24 quality and the Air Board rule and the mobile source rule  
25 which was dictating -- and the South Coast issue. We had a



1 working group that debated and decided on a Wobbe index  
2 number, that is what the PUC used, and then the South Coast,  
3 who was part of the working group, rebelled and sued, so it  
4 has been a contentious area, and we have been the alleged  
5 honest brokers trying to do all the research to provide  
6 answers. But it started out as just a California gas quality  
7 issue, and then LNG marched in the room and totally changed  
8 the perspectives and dragged out the whole debate now that  
9 will go beyond my term, well into yours, I am sure. I do not  
10 know if you had a motion in there, but --

11 CHAIRPERSON DOUGLAS: I have not had a motion yet.

12 VICE CHAIR BOYD: I will make a motion to approve  
13 it, finally.

14 COMMISSIONER EGGERT: Second.

15 CHAIRPERSON DOUGLAS: All in favor:

16 (Ayes.)

17 The item is approved. Thank you, Mr. O'Hagan.

18 MR. O'HAGAN: Thank you very much.

19 CHAIRPERSON DOUGLAS: Item 7. State Energy Program  
20 Guidelines. Possible adoption of revisions to the State  
21 Energy Program Guidelines. Mr. Rillera.

22 MR. RILLERA: Good morning, Chairman and  
23 Commissioners. Larry Rillera with the Fields and  
24 Transportation Division, and Mike Doughton from our counsel  
25 will be here, as well. I am presenting today on the revisions

1 to the State Energy Program Guidelines adopted by the  
2 Commission on September 30<sup>th</sup>, 2009, at the direction of the  
3 Energy Commission's ARRA 2009 Committee proposed changes have  
4 been made to the SEP Guidelines establishing requirements to  
5 qualify for funding under the Clean Energy Business Financing  
6 Program. The Clean Energy Program is one of several program  
7 areas funded under the Energy Commission's State Energy  
8 Program and will provide up to \$35 million in SEP loans as low  
9 interest loans to eligible private sector businesses for the  
10 manufacture of eligible energy efficiency and renewable energy  
11 products, components, systems, and technologies. It would  
12 also provide loans for projects that produce biomethane gas  
13 suitable for direct injection into the natural gas pipeline,  
14 and eligible for the purposes of the renewables portfolio  
15 standard. The revisions to the SEP Guidelines incorporate a  
16 chapter on the Clean Energy Program, and make conforming  
17 changes. There are also revisions that are made with respect  
18 to some technical elements, as well. Thank you.

19 CHAIRPERSON DOUGLAS: Thank you, Mr. Rillera.  
20 Questions or comments from Commissioners. I have one  
21 clarification I would like to suggest that is really just a  
22 deletion we need to make to one of the -- I will just say it  
23 now. We all miss Commissioner Rosenfeld, but his name is  
24 still on page 3 of the Draft Guidelines and perhaps we could  
25 use this opportunity to reflect the fact that this is still a

1 five Commissioner --

2 COMMISSIONER BYRON: I think that is Mr. Pennington,  
3 he just cannot let go.

4 MR. HERRERA: Chairman Douglas, if I could comment?  
5 Gabe Herrera with the Commission's Legal Office. There is one  
6 additional change besides the change that you noted. Also,  
7 throughout the Guidelines we still refer to the ARRA  
8 Committee. Of course, that Committee has been replaced with  
9 the Ad Hoc Committee on Federal Stimulus Programs, so we will  
10 need to make that conforming change, as well. But, in  
11 addition to the Clean Energy Business Financing Program  
12 revisions, there are revisions being made to augment the  
13 amount of money that is available for several additional  
14 programs. The Commission in September allocated \$95 million  
15 for use with three separate program elements -- let me just  
16 identify what those are for you -- those would be the  
17 Municipal Finance Program, the California Comprehensive  
18 Residential Building Retrofit Program, and the Municipal and  
19 Commercial Building Targeted Measures Retrofit Program. So  
20 \$95 million was allocated to these programs back in September  
21 of 2009 and these revisions add up to an additional \$15  
22 million for those three programs, combined. So we would also  
23 be seeking your approval of those, as well.

24 CHAIRPERSON DOUGLAS: That would make it up to \$110  
25 million.

1 MR. HERRERA: That is correct.

2 CHAIRPERSON DOUGLAS: And that was actually how the  
3 solicitation went out?

4 MR. HERRERA: Right. There is a pending  
5 solicitation on the streets right now that indicated there  
6 could be as much as \$110 million available for those three  
7 program areas. We need to make some changes to the Guidelines  
8 so that the Commission can approve up to \$110 million. If you  
9 do not approve these changes, then we are limited to just \$95  
10 million for those programs.

11 CHAIRPERSON DOUGLAS: Questions or comments from  
12 Commissioners?

13 COMMISSIONER EGGERT: I guess maybe a comment, and  
14 then maybe a question. I guess, you know, I think this is --  
15 in order to sort of achieve the goals that we are setting out  
16 for the state, both for energy and climate, it is clearly  
17 going to take hundreds of millions, probably billions of  
18 dollars investment, including in new manufacturing capacity,  
19 hopefully some of which will be sited here in the state, and I  
20 think this program has the opportunity to contribute to that.  
21 I also do know that it is a very very challenging area to make  
22 targeted investments, such that they are leveraged against  
23 those billions of dollars that we need to flow into the  
24 system. I was very happy to see within some of the technical  
25 evaluation criteria sort of a demonstrated ability to secure

1 other project funds as being highlighted as one of those  
2 proven past records of success, to make sure that there is at  
3 least some indication that the folks that are involved in this  
4 do have the experience that is necessary to go into the  
5 manufacturing phase, which does have a significant amount of  
6 risk associated with it. So I think I would just say that I  
7 am impressed with the work that has been done here, but would  
8 also urge, you know, kind of a great deal of caution going  
9 into this space as it relates to government investments.

10 CHAIRPERSON DOUGLAS: Thank you, Commissioner  
11 Eggert. Those comments are well taken and, in fact, even the  
12 structure of loans versus grants was part of the thinking  
13 about how to ensure that the recipients had serious business  
14 plans and had realistic income expectations out of that  
15 project. So by going through a structure where we are  
16 offering low interest loans, as opposed to grants, the  
17 thinking was that that would, again, act as a screen to ensure  
18 that we had the best and most realistic of the proposals come  
19 in, and yet, even that being said, this is a high risk area  
20 and not all manufacturing ventures succeed and particularly in  
21 new market areas like this one. So your comments are very  
22 well taken. Other comments or questions by Commissioners?

23 COMMISSIONER BYRON: I am guessing, before we move  
24 it, we need to hear from Mr. Doughton?

25 MR. RILLERA: Yes.

1           MR. DOUGHTON: Good morning, Commissioners. Michael  
2 Doughton with the Legal Office, also. The California Energy  
3 Commission's Legal Office has considered the application of  
4 the California Environmental Quality Act, or CEQA, to the  
5 adoption of the proposed revisions to these State Energy  
6 Program Guidelines, and has opined that the adoption of these  
7 revisions is exempt from CEQA because it is not a project  
8 subject to CEQA pursuant to Title 14, California Code of  
9 Regulations Section 15378(b)(4), in that it relates to the  
10 creation of government funding mechanisms or other government  
11 fiscal activities which do not involve any commitment to any  
12 specific project which may result in a potentially significant  
13 and physical impact to the environment. And also because it  
14 falls within the so-called Common Sense exemption, pursuant to  
15 Title 14, California Code of Regulations, Section 15061(b)(3),  
16 which indicates that CEQA only applies to projects that have a  
17 significant effect on the environment defined in Public  
18 Resources Code Section 21068 and in Title 14, California Code  
19 of Regulations Section 15382, as being a substantial or  
20 potentially substantial adverse change in the environment.  
21 Thank you.

22           CHAIRPERSON DOUGLAS: Thank you, Mr. Doughton.

23           VICE CHAIR BOYD: I would just comment that I want  
24 to thank the staff for the work they have done on this in this  
25 whole program area; secondly, kind of building on the

1 Chairman's comment about risk, while she did appropriately  
2 point out these are risky areas, these are risky times, not  
3 everything is going to succeed, we do need to put up necessary  
4 barriers and mitigate against -- well, I will just say --  
5 fraud. But also I want to say, no risk, no reward. So we do  
6 not want to overburden these processes and procedures either,  
7 and I am not saying that the staff has done that, it is just  
8 kind of a caveat that, you know, we have a backbreaking  
9 workload here and we need to move things along, and people  
10 outside more than inside need to recognize that, just like in  
11 R&D programs, not everything is going to make it, but you  
12 choose the best and hope for the best. So good piece of work.  
13 I will move approval.

14 COMMISSIONER BYRON: Second.

15 CHAIRPERSON DOUGLAS: All in favor?

16 (Ayes.)

17 The item is approved. Thank you, Mr. Rillera.

18 MR. RILLERA: Thank you.

19 CHAIRPERSON DOUGLAS: And I would like to thank  
20 staff, who worked on this Clean Energy Business Financing  
21 Program for your very hard work and willingness to really dig  
22 into a challenging and new area for us.

23 Item 8. Minutes. Approval of the January 22<sup>nd</sup>, 2010  
24 Business Meeting Minutes.

25 VICE CHAIR BOYD: I will move.

1 COMMISSIONER EGGERT: Second.

2 CHAIRPERSON DOUGLAS: All in favor?

3 (Ayes.)

4 That item is approved. Item 8B, Approval of the  
5 January 27<sup>th</sup>, 2010 Business Meeting Minutes.

6 COMMISSIONER BYRON: Move approval.

7 COMMISSIONER WEISENMILLER: Second.

8 CHAIRPERSON DOUGLAS: All in favor?

9 (Ayes.)

10 That item is approved.

11 Item 9. Commission Committee Presentations and  
12 Discussion. Is there any Commissioner or Committee that would  
13 like to report anything today?

14 COMMISSIONER WEISENMILLER: I attended an opening of  
15 a research building at LBL at U.C. Berkeley not last Friday,  
16 but the Friday before, where ex-Commissioner Rosenfeld spoke.  
17 It was a very interesting talk, and I think it was  
18 particularly interesting for both of us because the facility  
19 is obviously very grand in many respects. While the origins  
20 of the Berkeley Energy Research, you know, under Holdren, was  
21 at building T4, which was one of those temporary buildings  
22 that was put up after World War II, which was still using  
23 throughout the '70s, I do not know when it finally  
24 disappeared, but anyway, it was remarkable to see that  
25 building gone and a fairly lavish, new, hopefully a building



1 with lots of facilities for people to use. I am sure Art's  
2 talk is on the Web now, and certainly would encourage people  
3 to look at that.

4 VICE CHAIR BOYD: You remind me that I was at LBL  
5 the week before last, and Art supposedly was not supposed to  
6 be there. I found out afterwards he was, but we could not get  
7 together at that late time. But they had said he would be off  
8 a little while longer the week before, and he was already --  
9 he was there working away and had just finished a meeting with  
10 Assemblywoman Skinner who came up and joined me in my meeting  
11 with the Lab Director. But Art is there. You also reminded  
12 me of the temporary buildings down on the main campus that  
13 were still there when I went to school there -- long after  
14 World War II, so exacting progress. Very good.

15 CHAIRPERSON DOUGLAS: Very good. Item 10. Chief  
16 Counsel's Report?

17 MR. BLEES: Thank you, Chairman Douglas,  
18 Commissioners. I guess that, now you have approved the  
19 internship contract, I can confess that I, too, began my  
20 career here as an intern. I request two closed sessions, one  
21 to consider two matters of potential litigation, and the  
22 second for a personnel matter. I am not sure if you want to  
23 hold the litigation closed session right now, or if you want  
24 to do that perhaps shortly before the personnel --

25 CHAIRPERSON DOUGLAS: We will hold the litigation

1 closed session immediately upon adjournment. Thank you, Mr.  
2 Blee.

3 Item 11. Executive Director's Report.

4 MS. JONES: I would just like to give a quick update  
5 on some of our economic stimulus activities. With respect to  
6 the Energy Efficiency Conservation Block Grant Program, we  
7 have now received over 208 applications, representing over 277  
8 small cities and counties for the Block Grant Program. The  
9 total amount of these applications is \$33.9 million in funding  
10 requests, and that would work out to 68 percent of the Block  
11 Grant money, so we have met the 60 percent threshold for  
12 delivering the money to the cities and counties. With respect  
13 to the State Energy Program, the staff is currently reviewing  
14 over 100 program proposals that were provided to us for the  
15 three-part, up to \$110 million SEP Energy Efficiency Program,  
16 and we hope to be releasing a Notice of Proposed Awards  
17 shortly. And finally, with respect to the State Energy  
18 Efficient Appliance Rebate Program, last Friday we had a  
19 successful pre-bid conference which attracted 23 participants  
20 in 21 different companies, who are interested in submitting  
21 RFPs to provide services including accepting and processing  
22 the mail-in rebates, verifying and validating submitted  
23 claims, and electronically transferring those to the State  
24 Controller's Office. And I did want to thank the staff who  
25 came and worked on a Furlough Friday, it was very much

1 appreciated. We are meeting with the State Controller's  
2 Office today to continue to work out arrangements for the  
3 Rebate Program, and we hope to be able to launch this program  
4 on Earth Day.

5 CHAIRPERSON DOUGLAS: Well, that would be nice  
6 timing.

7 COMMISSIONER BYRON: Madam Chair, I just want to  
8 make sure I understood that. Ms. Jones, are we on -- in your  
9 assessment, then, are we on schedule for releasing SEP Block  
10 Grant Funds?

11 MS. JONES: Yes.

12 COMMISSIONER BYRON: Very good.

13 CHAIRPERSON DOUGLAS: Yes, and Commissioner, in  
14 fact, that was our first hard deadline, was the Block Grant 60  
15 percent.

16 COMMISSIONER BYRON: Good, congratulations to you  
17 and everyone else working on it.

18 MS. JONES: And the staff has worked very hard, so  
19 thank you.

20 VICE CHAIR BOYD: I am sure you will notify the  
21 State Auditor of our capability to meet deadlines.

22 CHAIRPERSON DOUGLAS: Good. Item 12. Public  
23 Advisor's Report.

24 MS. JENNINGS: I have nothing to report. Thank you.

25 CHAIRPERSON DOUGLAS: Thank you. Item 13. Public

1 Comment. I have one blue card from Rich Gillis.

2 MR. GILLIS: Thank you. My name is Rich Gillis. I  
3 am the President of a company called Energy Alternative  
4 Solutions. We are a biodiesel production company. We have  
5 been in operation for about three years. I just have a  
6 concern right now that I hope that the Commission and staff,  
7 you know, have taken into consideration, and that is the lack  
8 of the dollar tax credit being approved by the U.S. Senate.  
9 That has effectively shut down or minimized, or fractionalized  
10 the amount of production that biodiesel companies are capable  
11 of producing at the moment. Feedstock prices have not come  
12 down, expenses have gone up, and the dollar has disappeared,  
13 so there is a significant reduction in the amount of biodiesel  
14 available in the State of California for those people who  
15 would like to use it. I want to make sure that I get that  
16 across because I am sitting, with March coming up, where we  
17 have committed with the City of Gonzales to open our first  
18 retail biodiesel petrol diesel fueling station, and we are  
19 working with our distributor to do that. But, in the mean  
20 time, I have had to close my plant temporarily and we are re-  
21 opening, but will be very very minimal production because  
22 every gallon we produce, we will probably lose about \$.50 to  
23 \$.55 under the existing circumstances. I just want to make  
24 sure that somebody is aware of it and that you folks have  
25 considered it with respect to the funding, the loans that will

1 be available later on. Thank you.

2 VICE CHAIR BOYD: Let me just comment. We are aware  
3 of this. We have had discussions with our California  
4 Senators. We are not getting a good reception, quite  
5 candidly, on the production tax credit issue and what have  
6 you, but we are continuing to work on it. I had not thought  
7 about it in the context of the issue you brought up in terms  
8 of our administering loans and grants, but that is something I  
9 am sure all of us will take into account, and the staff is  
10 here to hear the same. But, yes, we are aware of your plight.  
11 We have this dilemma in other of the bio energy areas, quite  
12 frankly, at the same time. Thank you, though, for bringing  
13 this to us as a collective here.

14 CHAIRPERSON DOUGLAS: Yes, thank you for being here  
15 and for bringing up that issue to the full Commission.

16 VICE CHAIR BOYD: Can I, while Jennifer is sitting  
17 there, bring up an issue that will save me writing a memo to  
18 all of you, or what have you?

19 CHAIRPERSON DOUGLAS: Absolutely.

20 VICE CHAIR BOYD: Jennifer, Commissioner Eggert and  
21 I, and Jennifer and many other staff sat through four very  
22 long days in a power plant siting case, evidentiary hearing  
23 process, last week. And Jennifer noted, and I will give her  
24 credit, but I will also note that I had put notes on my note  
25 tablet that it seemed to me we, as an agency, missed an

1 opportunity -- and we are going to have more of these --  
2 missed an opportunity for public education. It is very  
3 difficult sitting in an evidentiary hearing and receiving  
4 public testimony to take time to educate members of the public  
5 on various facets of the energy world that they get wrong, or  
6 misunderstand, when they make their presentations because you  
7 are engaged in an evidentiary hearing. And I sit there,  
8 concerned that anything you might say could be perceived by  
9 one party or the other as biased in the favor of one or the  
10 other parties. But what was pointed out, that to have a media  
11 office represented at the whole table of literature about all  
12 the energy programs that are underway in California and  
13 underway, sponsored by this agency, etc. etc., could be an aid  
14 to that public. I mean, we had an overflow crowd -- we had  
15 Fire Marshalls there to make sure the requisite number of  
16 people were in the room, and that the requisite number of  
17 people were standing in the foyer, and then all the people out  
18 in the parking lot were just, sorry, out of luck. And they  
19 could have milled around at least reading educational  
20 information and materials. So since we seem to be going to  
21 have more and more of these -- I suspect we are going to have  
22 more and more of these opportunities, and we might think about  
23 a strategy. I know it strains staff, we are all strained in  
24 various directions, but it did appear to us, and Jennifer  
25 broached it to me, as being an opportunity that we should take

1 advantage of. So I would just put that out.

2 COMMISSIONER EGGERT: If I just might supplement  
3 that. On the few occasions where we were able to sort of  
4 provide feedback to the public commenters, where they might  
5 ask a question, you know, "Why isn't the Energy Commission  
6 looking more at solar," for example, because we were  
7 considering a gas plant, and we did provide some sort of very  
8 basic information about what we were doing, and it was very  
9 well received, I mean, the recipients were very grateful. So  
10 I think, yeah, just to further emphasize that it really is --  
11 I mean, these are individuals who have sort of a strong  
12 interest in their community, obviously a strong interest in  
13 energy issues to the extent that they are showing up at these  
14 hearings, so it really is a great target audience to provide  
15 and distribute that information.

16 CHAIRPERSON DOUGLAS: I think it is a great idea.  
17 So let's look into how we can follow-up and even if it is  
18 materials. Jennifer or --

19 MS. JONES: I will go ahead and have Suzanne work  
20 with Jennifer, I will work with them, too, to figure out an  
21 efficient way to do this.

22 VICE CHAIR BOYD: And I would say, to the extent we  
23 can do it, having a person there to supplement, Jennifer. I  
24 mean, she is handling logistical duties, as well as  
25 communication to the public. As I said, I know it is a

1 strain, it will be difficult, material would be good, but  
2 people want to interact and want to talk, and I am sure that  
3 Jennifer was probably beating the public off in terms of not  
4 having time to talk to them about issues.

5 MS. JONES: We might have to look at having  
6 additional staff besides the media people because we only have  
7 a few of those people and --

8 VICE CHAIR BOYD: Well, I was thinking of some of  
9 those U.C. Davis student interns who get instant immersion and  
10 are trained to set loose. Or, you know, reach out to those  
11 who are trying to study public relations or communications, or  
12 what have you.

13 MS. JONES: Okay. We will do that. Thank you.

14 MS. JENNINGS: I have a meeting scheduled with  
15 Suzanne regarding this. We needed help at that meeting also  
16 because of the media, and I did not know where to have them  
17 place the camera and other things, as well. So it was the TV  
18 cameras and the reporters --

19 VICE CHAIR BOYD: Yeah, the place was crawling with  
20 media.

21 MS. JENNINGS: Right.

22 CHAIRPERSON DOUGLAS: But we do not always have to  
23 worry about TV cameras at our evidentiary workshops, but  
24 obviously sometimes it is -- usually, we would know. And to  
25 be able to prepare.



1           VICE CHAIR BOYD: It is a think ahead thing. We  
2 knew what we were walking into and this never even occurred to  
3 some of us to think of that.

4           COMMISSIONER BYRON: Nor Fire Marshalls. We do not  
5 have to worry about those very often, but maybe they were  
6 there for another reason, gentlemen.

7           COMMISSIONER EGGERT: They came and testified the  
8 following day, so --

9           CHAIRPERSON DOUGLAS: Dual purpose.

10          VICE CHAIR BOYD: Full regalia.

11          COMMISSIONER BYRON: Thank you for your work there  
12 last week.

13          CHAIRPERSON DOUGLAS: Yes, I want to thank you, as  
14 well. You provided a tremendous service to the Commission  
15 last week. We are -- is there any other public comment? All  
16 right, well then, we will move on to our Executive Session.  
17 Thank you.

18          (Whereupon, at 10:47 a.m., the business meeting was  
19 adjourned.)

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CERTIFICATE OF REPORTER

I, PETER PETTY, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing California Energy Commission Business Meeting; that it was thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said meeting, nor in any way interested in outcome of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_\_ day of February, 2010.

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PETER PETTY